

## Auditing Procedures Report

Instructions and MuniCodes

\*=Required Fields

Reset Form

Issued under Public Act 2 of 1968, as amended. (V1.07)

Unit Name: ROME	County: LENAWE	Type: TOWNSHIP	MuniCode: 48-1-190
Opinion Date-Use Calendar: Sep 25, 2008	Audit Submitted-Use Calendar: Oct 8, 2008	Fiscal Year End Month: 03	Fiscal Year: 2008

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No."

<input checked="" type="checkbox"/> ?	1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input checked="" type="checkbox"/> ?	2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
<input checked="" type="checkbox"/> ?	3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input checked="" type="checkbox"/> ?	4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
<input checked="" type="checkbox"/> ?	5. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/> ?	6. Was a public hearing on the budget held in accordance with State statute?
<input checked="" type="checkbox"/> ?	7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input checked="" type="checkbox"/> ?	8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
<input checked="" type="checkbox"/> ?	9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input checked="" type="checkbox"/> ?	10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)
<input checked="" type="checkbox"/> ?	11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input type="checkbox"/> ?	12. Is the local unit free of repeated reported deficiencies from previous years?
<input checked="" type="checkbox"/> ?	13. Is the audit opinion unqualified? 14. If not, what type of opinion is it? NA
<input checked="" type="checkbox"/> ?	15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
<input checked="" type="checkbox"/> ?	16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input checked="" type="checkbox"/> ?	17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
<input checked="" type="checkbox"/> ?	18. Are there reported deficiencies? 19. If so, was it attached to the audit report?

General Fund Revenue:	<input type="checkbox"/> ? \$ 287,759.00
General Fund Expenditure:	<input type="checkbox"/> ? \$ 223,971.00
Major Fund Deficit Amount:	\$ 0.00

General Fund Balance:	<input type="checkbox"/> ? \$ 389,085.00
Governmental Activities Long-Term Debt (see instructions):	<input type="checkbox"/> ? \$ 0.00

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (reported deviations).

CPA (First Name): PHILIP	Last Name: RUBLEY	Ten Digit License Number: 1101009223		
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CPA Firm Name: PHILIP R RUBLEY, CPA	Unit's Street Address: ONSTED HIGHWAY	Unit's City: ONSTED	Unit's Zip: 49265	

**ROME TOWNSHIP  
LENAWEE COUNTY, MICHIGAN  
ANNUAL FINANCIAL REPORT  
MARCH 31, 2008**

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**ROME TOWNSHIP  
ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED MARCH 31, 2008**

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# PHILIP R. RUBLEY

~ Certified Public Accountant ~

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PHILIP R. RUBLEY, C.P.A.

MEMBERS OF  
AMERICAN INSTITUTE OF C.P.A.'S  
& THE MICHIGAN ASSOCIATION OF C.P.A.'S

September 25, 2008

Board of Trustees  
Rome Township  
Lenawee County, Michigan

## INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Rome Township, Lenawee County, Michigan as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Rome Township, Lenawee County, Michigan as of March 31, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 2 through 6 and 21 through 23, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Rome Township, Lenawee County, Michigan basic financial statements.

Respectfully Submitted,



Philip R. Rubley, CPA

PRR/cab

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**ROME TOWNSHIP**  
**Management's Discussion and Analysis**  
**March 31, 2008**

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**Using This Annual Report**

This annual report consists of a series of financial statements. The statement of net assets and the statement of activities provide information about the activities of Rome Township on a government-wide basis. They are designed to present a longer-term view of the Township's finances. Fund financial statements, also slightly changed from prior years, follow the above-mentioned statements and illustrate how the services provided by the Township were financed in the short term, as well as what remains for future spending. Additionally, fund financial statements report the Township's operations in more detail than the government-wide financial statements.

**Overview of the Financial Statements**

The Township's basic financial statements are comprised of three components:

- A) Government-wide financial statements.
- B) Fund financial statements.
- C) Notes to the financial statements.

This report also contains other supplementary information in addition to the basic financial statements themselves.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS.** The *government-wide financial statements* are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Township's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The Township maintains 1 individual governmental fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund which is considered to be a major fund.

The Township adopts an annual appropriated budget for its general fund. Budgetary comparison statements or schedules have been provided herein to demonstrate compliance with those budgets.

**FIDUCIARY FUNDS.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The Township maintains 1 individual fiduciary fund - the tax collection fund.

**ROME TOWNSHIP**  
**Management's Discussion and Analysis**  
**March 31, 2008**

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**NOTES TO THE FINANCIAL STATEMENTS.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement of some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Township include general government, public safety, public works, health and welfare and community and economic development and other functions.

**FUND FINANCIAL STATEMENTS.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into two categories; governmental funds and fiduciary funds.

**GOVERNMENTAL FUNDS.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds and governmental activities*.

**OTHER INFORMATION**

The Township has reported under required supplementation information, information about the General Fund, Expenditures and Changes in Fund Balances.

**ROME TOWNSHIP**  
**Management's Discussion and Analysis**  
**March 31, 2008**

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**Rome Township**  
**Statement of Net Assets**

**Governmental**  
**Activities**

**2008**

**ASSETS**

Current Assets	\$392,946
Noncurrent Assets:	
Capital Assets	<u>45,260</u>
<b>Total Assets</b>	<b><u>\$438,206</u></b>

**LIABILITIES**

Accounts Payable and	
Accrued Expenses	<u>\$ 2,605</u>
<b>Total Liabilities</b>	<b><u>2,605</u></b>

**NET ASSETS**

Invested in Capital Assets	45,260
Unrestricted	307,321
Designated Building and Site	70,402
Restricted for Fire Safety	<u>12,618</u>
<b>Total Net Assets</b>	<b><u>\$435,601</u></b>

The Township's combined net assets increased 17.29 percent from a year ago, increasing by \$64,225.

**ROME TOWNSHIP**  
**Management's Discussion and Analysis**  
**March 31, 2008**

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**Statement of Government-Wide Activities**

**Governmental**  
**Activities**

**2008**

**REVENUE**

Program Revenue:	
Charges for Services	\$ 20,109
General Revenue:	
Property Taxes	135,292
Intergovernmental	124,136
Interest	<u>8,056</u>
<b>Total Revenue</b>	<b><u>287,593</u></b>

**PROGRAM EXPENSES**

General Government	78,913
Public Safety	50,631
Public Works	70,752
Community & Economic Development	12,759
Other Functions	<u>10,313</u>
<b>Total Program Expenses</b>	<b><u>223,368</u></b>

<b>Change in Net Assets</b>	<b>64,225</b>
<b>Net Assets – Beginning of Year</b>	<b><u>371,376</u></b>
<b>Net Assets – End of Year</b>	<b><u>\$435,601</u></b>



**ROME TOWNSHIP**  
**Management's Discussion and Analysis**  
**March 31, 2008**

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**Governmental Activities**

The Township's expenses remained fairly constant except for highways, streets and bridges which varies depending on projects.

**The Township's Funds**

Our analysis of the Township's major funds begins on Page 9. The fund financial statements provide detailed information about the most significant funds, not the Township as a whole. The Township board creates funds to help manage money for specific purpose as well as show accountability for certain activities. The Township's major fund for 2008 is the General Fund.

**General Fund Budgetary Highlights**

Over the course of the year, the Township administration and Township Board monitor the budget to take into account unanticipated events that occur during the year. There were no significant events affecting the budget.

**Capital Asset and Debt Administration**

At the end of 2008, the Township had \$109,330 invested in capital assets, including land, buildings, and equipment. In addition, the Township has invested significantly in roads within the Township. These assets are not reported in the Township's financial statements because of Michigan law.

**Economic Factors and Next Year's Budget and Rate**

Rome Township is in rural Lenawee County, Michigan a farm community. Anticipated property tax increases and growth are not expected. In addition, State revenue sharings, which represents 43.16 percent of the General Fund budget, is likely to decrease, because of the State's current economic state. This will require close tabs on expenditures for the upcoming year. Adjustments will be made to mirror the revenue base, ensuring the continuation of the trend of excess revenues over expenditures.

**Contacting the Township's Management**

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the clerk's office on Onsted Hwy., Onsted, Michigan 49265.

**ROME TOWNSHIP**  
**Government Wide Statement of Net Assets**  
**March 31, 2008**

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**Primary Government**

**Governmental  
Activities**

**ASSETS**

Cash and Cash Equivalents	\$210,403
Accounts Receivable	19,438
Property Tax Receivable	16,424
Prepaid Expenses	146,681
Capital Assets -	
Non-Depreciated	20,500
Capital Assets -	
Net of Depreciation	<u>24,760</u>
<b>Total Assets</b>	<b><u>\$438,206</u></b>

**LIABILITIES**

Accounts Payable/Credit Cards	\$ 919
Accrued Payroll Deductions and Withholdings	<u>1,686</u>
<b>Total Liabilities</b>	<b><u>2,605</u></b>

**NET ASSETS**

Invested in Capital Assets	45,260
Unrestricted	307,321
Designated for Building and Site	70,402
Restricted for Fire Safety	<u>12,618</u>
<b>Total Net Assets</b>	<b><u>\$435,601</u></b>

The notes to financial statements are an integral part of these statements.

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**ROME TOWNSHIP**  
**Government Wide Statement of Activities**  
**Year Ended March 31, 2008**

<b><u>FUNCTIONAL PROGRAMS</u></b>	<b><u>Expenses</u></b>	<b><u>Program Revenues</u></b>		
		<b><u>Charges For Services</u></b>	<b><u>Operating Grants</u></b>	<b><u>Net (Expense) Revenue</u></b>
Governmental Activities:				
General Government	\$ 78,913	\$14,798	\$ ---	\$ (64,115)
Public Safety	50,631	5,311	---	(45,320)
Public Works	70,752	---	---	(70,752)
Community and Economic Development	12,759	---	---	(12,759)
Other Functions	<u>10,313</u>	<u>---</u>	<u>---</u>	<u>(10,313)</u>
<b>Total Governmental Activities</b>	<u>\$223,368</u>	<u>\$20,109</u>	<u>\$ ---</u>	<u>\$ (203,259)</u>
<b>Change in Net Assets (Decrease)</b>				\$ (203,259)
General Revenues:				
Property Taxes				135,292
Intergovernmental Revenues				124,136
Interest Income				<u>8,056</u>
<b>Total General Revenues</b>				<u>267,484</u>
<b>Change in Net Assets</b>				64,225
<b>Net Assets, Beginning of Year</b>				<u>371,376</u>
<b>Net Assets, End of Year</b>				<u>\$ 435,601</u>

The notes to financial statements are an integral part of these statements.

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**ROME TOWNSHIP**  
**Governmental Fund Balance Sheet**  
**March 31, 2008**

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	<b>General Fund</b>
<b><u>ASSETS</u></b>	
Cash and Cash Equivalents	\$210,403
Accounts Receivable	19,438
Taxes Receivable	16,424
Pre-Paid Expenses	15,866
Due from Tax Collection Fund	<u>130,815</u>
<b>Total Assets</b>	<b><u>\$392,946</u></b>
 <b><u>LIABILITIES</u></b>	
Accounts Payable/Credit Cards	\$ 919
Payroll Deductions/Accrual	1,686
Deferred Revenue	<u>1,256</u>
<b>Total Liabilities</b>	<b><u>3,861</u></b>
 <b><u>FUND BALANCE</u></b>	
Unreserved:	
Designated for Building and Site	70,402
Undesignated	306,065
Restricted:	
Fire Safety	<u>12,618</u>
<b>Total Fund Balance</b>	<b><u>389,085</u></b>
 <b>Total Liabilities and Fund Balance</b>	 <b><u>\$392,946</u></b>

The notes to financial statements are an integral part of these statements.

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**ROME TOWNSHIP**  
**Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds**  
**to Net Assets of Governmental Activities on the Statement of Net Assets**  
**For The Year Ended March 31, 2008**

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<b>Fund Balances – Total Governmental Funds</b>	\$389,085
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**Amounts Reported for Governmental Activities in the  
Statement of Net Assets are Different Because:**

Capital assets used in governmental activities are not  
financial resources and therefore are not reported in  
the funds.

ADD - Capital Assets	109,330
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DEDUCT - Accumulated Depreciation	(64,070)
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Deferred revenue - reflected as earned in net assets of governmental activities	<u>1,256</u>
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<b>Net Assets of Governmental Activities</b>	<u><b>\$435,601</b></u>
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**ROME TOWNSHIP**  
**Governmental Fund Statement of Revenue, Expenditures, and Changes in Fund Balance**  
**For The Year Ended March 31, 2008**

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	<b><u>General Fund</u></b>
<b><u>REVENUES</u></b>	
Property Taxes	\$135,458
Licenses and Permits	5,311
Intergovernmental	124,136
Charges for Services	8,482
Interest/Rent/Penalties	14,343
Other	<u>29</u>
<b>Total Revenues</b>	<b><u>287,759</u></b>
 <b><u>EXPENDITURES</u></b>	
Current	
General Government	75,598
Public Safety	50,631
Public Works	70,752
Community and Economic Development	12,547
Other Functions	10,313
Capital Outlay	<u>4,130</u>
<b>Total Expenditures</b>	<b><u>223,971</u></b>
 <b>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES</b>	 <b>63,788</b>
 <b>Fund Balance, Beginning of Year</b>	 <b><u>325,297</u></b>
 <b>Fund Balance, End of Year</b>	 <b><u>\$389,085</u></b>

The notes to financial statements are an integral part of these statements.

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**ROME TOWNSHIP**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in**  
**Fund Balances of Governmental Funds to the Statement of Activities**  
**For The Year Ended March 31, 2008**

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<b>Net Change in Fund Balances – Total Governmental Funds</b>	\$63,788
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**Amounts Reported for Governmental Activities in the  
Statement of Activities are Different Because:**

Government funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

4,130

DEDUCT - Depreciation Expense

(3,527)

Deferred revenue

(166)

**Change in Net Assets of Governmental Activities**

\$64,225

**ROME TOWNSHIP**  
**Fiduciary Funds – Statement of Net Assets**  
**March 31, 2008**

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	<b>Tax Collection Fund</b>
<b><u>ASSETS</u></b>	
Cash	<u>\$130,815</u>
<b>Total Assets</b>	<u>\$130,815</u>
<b><u>LIABILITIES</u></b>	
Due to General Fund	<u>\$130,815</u>
<b>Total Liabilities</b>	<u>\$130,815</u>



**ROME TOWNSHIP**  
**Notes to Financial Statements**  
**March 31, 2008**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Rome Township conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Rome Township.

**A. Reporting Entity**

Rome Township is governed by an elected board. The accompanying financial statements present the government for which government is considered to be financially accountable.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. Rome Township has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental fund are reported as separate columns in the fund financial statements.

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are fiduciary fund financial statements. Revenue is recorded when earned and

**ROME TOWNSHIP**  
**Notes to Financial Statements**  
**March 31, 2008**

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expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Property taxes, intergovernmental revenue fees and licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The government reports the following fund types:

The Fiduciary Funds account for assets held for other governments in an agency capacity, including tax collection, and other project funds.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in both the government - wide financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board.

As a general rule, the effect of interfund activity has been eliminated from the government -wide financial statements.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

**ROME TOWNSHIP**  
**Notes to Financial Statements**  
**March 31, 2008**

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**D. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported assets and liabilities and any possible contingent assets and liabilities as of the financial statement date. Actual results could differ from these statements.

**E. Assets, Liabilities, and Net Assets or Equity**

1. **Bank Deposits and Investment** – Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

State statutes authorize the government to deposit in the accounts of federally insured banks, credit unions, and savings and loans associations, and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, bankers acceptances, and mutual funds composed of otherwise legal investments.

2. **Receivables and Payables** – In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

3. **Prepaid Items** – Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements using the consumption method.

4. **Capital Assets** – Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Buildings	40 to 60 years
Office Equipment	5 to 7 years
Computer Equipment	3 to 7 years

**ROME TOWNSHIP**  
**Notes to Financial Statements**  
**March 31, 2008**

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5. **Fund Equity** – In the fund financial statements, governmental funds report restrictions of fund balance for amounts that are not available for appropriation or are legally restricted for use for a specific purpose. Rome Township currently has designated monies for Building and Site, these are management plans which are subject to change. Currently there are restricted tax monies for Fire Safety of \$12,618.

**NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

- A. **Budgetary Information** – Annual budgets are adopted on a basis consistent with generally accepted accounting principles accepted in the United States of America (GAAP) for all governmental funds. All annual appropriations lapse at fiscal year end.

On or before the end of March of each year, the Board presents the proposed budget for review and holds public hearings and a final budget adopted.

The appropriated budget is prepared by fund, function and department.

The general government function of the General Fund is treated as a department for budgetary purposes and its budget is adopted at the object level. No significant adjustments were made to the budget.

- B. **Excess of Expenditures Over Appropriations In Budgeted Funds** - P.A. 621 of 1978, as amended, provides that a local unit shall not incur expenditures in excess of the amounts appropriated. During the year ended March 31, 2008, the government incurred expenditures in excess of amounts appropriated at the legal level of budgetary control as follows:

	<u>Actual Budget</u>	<u>Actual</u>	<u>Variance</u>
General Fund:			
Community & Economic Development:			
Zoning/Planning, Etc.	\$12,251	\$12,547	\$296

**ROME TOWNSHIP**  
**Notes to Financial Statements**  
**March 31, 2008**

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**NOTE 3 – DEPOSITS AND INVESTMENTS**

The government unit's deposits and investment policy are in accordance with statutory authority.

Investments made by the Township are summarized below. The investments that are represented by specific identifiable investment securities are classified as to credit risk by the three categories described below:

- Category 1:** Insured or registered, or securities held by the Township or its agent in the Township's name.
- Category 2:** Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Township's name.
- Category 3:** Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the Township's name.

	<b><u>Category</u></b>			<b><u>Carrying Value</u></b>	<b><u>Market Value</u></b>
	<b><u>1</u></b>	<b><u>2</u></b>	<b><u>3</u></b>		
Checking, Savings and Certificate of Deposits	\$170,402	\$170,816	\$ ---	\$341,218	\$341,218
	<u>\$170,402</u>	<u>\$170,816</u>	<u>\$ ---</u>	<u>\$341,218</u>	<u>\$341,218</u>

**Balance Sheet Cash and Cash Investments**

The Governmental Accounting Standards Board (GASB) requires risk disclosures for the Township's deposits:

<b><u>Deposits</u></b>	<b><u>Carrying Amount</u></b>
Insured (FDIC) (FSLIC)	\$170,402
Uninsured:	
Uncollateralized	<u>170,816</u>
	<u>\$341,218</u>

The above amounts include Trust and Agency Funds of \$130,815.

**Deposits Custodial Credit Risk**

Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned to it. The Township does not have a deposit policy for custodial credit risk. As of March 31, 2008 - \$170,816 of the Township's \$341,218 was exposed to custodial credit risk as follows:

Uninsured and Collateralized	\$170,816
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**ROME TOWNSHIP**  
**Notes to Financial Statements**  
**March 31, 2008**

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**Investment Custodial Credit Risk**

The Township has all of its investment in money market and certificate of deposits, thus not subject to investment credit risk.

**Concentration of Credit Risk**

The Township places no limit on the amount they may invest in one issue. 100% of their investments at March 31, 2008 are in savings accounts, money market accounts and certificate of deposits.

A reconciliation of cash and investments as shown on the Statement of Net Assets and Statement of Fiduciary Net Assets to deposits and investments as classified for note disclosure purposes is as follows:

<b>Statement of Net Asset:</b>	
Cash and Cash Equivalents	<u>\$210,403</u>
	<u>210,403</u>
 <b>Statement of Fiduciary Net Asset:</b>	
Agency Funds:	
Cash and Cash Equivalents	<u>130,815</u>
	<u>130,815</u>
	<u>\$341,218</u>

**NOTE 4 – RECEIVABLES**

Receivables as of year-end for the government are as follows:

	<b><u>General Fund</u></b>
State of Michigan	\$19,039
Taxes Receivable - Real	15,168
Taxes Receivable -	
Personal Property	1,256
Other	<u>399</u>
	<u>\$35,862</u>

**ROME TOWNSHIP**  
**Notes to Financial Statements**  
**March 31, 2008**

**NOTE 5 – CAPITAL ASSETS**

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
Capital Assets				
Not Being Depreciated:				
Land	\$ 20,500	\$ ---	\$ ---	\$ 20,500
Capital Assets				
Being Depreciated:				
Building	46,182	---	---	46,182
Equipment	38,518	4,130	---	42,648
<b>Total Capital Assets Being Depreciated</b>	<u>84,700</u>	<u>4,130</u>	<u>---</u>	<u>88,830</u>
Less Accumulated Depreciation For:				
Building	(35,565)	(584)	---	(36,149)
Equipment	(24,978)	(2,943)	---	(27,921)
<b>Total Accumulated Depreciation</b>	<u>(60,543)</u>	<u>(3,527)</u>	<u>---</u>	<u>(64,070)</u>
<b>Total Capital Assets, Being Depreciated, Net</b>	<u>24,157</u>	<u>603</u>	<u>---</u>	<u>24,760</u>
<b>Governmental Activities Capital Assets, Net</b>	<u>\$ 44,657</u>	<u>\$ 603</u>	<u>\$ ---</u>	<u>\$ 45,260</u>

Depreciation expense was charged to Governmental Activities - General Government for \$3,315 and Community and Economic Development \$212 at March 31, 2008.

**NOTE 6 – RISK MANAGEMENT**

The government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended March 31, 2008, the government carried insurance through commercial carriers, to cover all risks of losses. The government has had no settled claims resulting from those risks that exceeded its coverage in any of the past three fiscal years.

**ROME TOWNSHIP**  
**Notes to Financial Statements**  
**March 31, 2008**

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**NOTE 7 – PROPERTY TAXES**

The government's property taxes are levied each year, on the taxable valuation of property located within the township. These taxes are due by February 14, with final collection date of February 28, before they are added to the county tax rolls.

Delinquent real property taxes are reimbursed to the local unit through a county revolving tax fund.

The Township levied dollar amounts of \$59,172 for general operations and an additional assessment for Roads and Bridges of \$28,277 and Fire Safety of \$56,565.

**NOTE 8 – PENSION**

The government has no pension, and has elected to be inclusive in the social security system.

**NOTE 9 – OTHER INFORMATION**

**Risk Management**

The government is exposed to various risks of loss related to torts; theft of damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended March 31, 2008, the government carried insurance through commercial carriers, to cover all risks of losses. The government has had no settled claims resulting from these risks that exceeded its commercial coverage in any of the past three fiscal years.

**NOTE 10 – INTERFUND RECEIVABLES AND PAYABLES**

Interfund receivables and payables were as follows:

	<u>Due From</u>	<u>Due To</u>
General Fund	\$130,815	\$ ---
Tax Collection Fund	<u>---</u>	<u>130,815</u>
	<u>\$130,815</u>	<u>\$130,815</u>



**ROME TOWNSHIP**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For The Year Ended March 31, 2008**

	<u>Budget Original</u>	<u>Budget Final</u>	<u>Actual</u>	<u>Actual Over (Under) Final Budget</u>
<b><u>BEGINNING OF YEAR</u></b>				
<b><u>FUND BALANCE</u></b>	\$325,297	\$325,297	\$325,297	\$ ---
<b><u>RESOURCES (Inflows)</u></b>				
Property Taxes	132,286	132,286	135,458	3,172
Intergovernmental	115,000	115,000	124,136	9,136
Licenses and Permits	6,000	6,000	5,311	(689)
Charge for Services	9,500	9,500	8,482	(1,018)
Interest	2,500	2,500	8,056	5,556
Rent	---	---	250	250
Penalties	---	---	6,037	6,037
Other	250	250	29	(221)
<b>Total Available For Appropriation</b>	<u>590,833</u>	<u>590,833</u>	<u>613,056</u>	<u>22,223</u>
<b><u>CHANGES TO APPROPRIATIONS (Outflows)</u></b>				
<b>General Government:</b>				
Township Board	12,405	12,405	5,467	6,938
Supervisor	11,084	11,084	10,966	118
Elections	2,500	2,500	1,428	1,072
Professional Fees	8,000	8,000	293	7,707
Clerk	13,563	13,563	11,064	2,499
Treasurer	14,196	14,196	14,066	130
Board of Review	2,143	2,143	1,719	424
Township Hall	4,724	4,724	4,116	608
Assessor	16,500	16,500	16,147	353
Cemetery	11,808	11,808	10,332	1,476
<b>Total General Government</b>	<u>96,923</u>	<u>96,923</u>	<u>75,598</u>	<u>21,325</u>
<b>Public Safety:</b>				
Inspections	17,368	17,368	6,631	10,737
Fire	44,000	44,000	44,000	---
<b>Total Public Safety</b>	<u>61,368</u>	<u>61,368</u>	<u>50,631</u>	<u>10,737</u>
<b>Public Works:</b>				
Drains	8,118	8,118	4,572	3,546
Highways & Bridges	75,000	75,000	65,580	9,420
Sanitation	800	800	600	200
<b>Total Public Works</b>	<u>83,918</u>	<u>83,918</u>	<u>70,752</u>	<u>13,166</u>

**ROME TOWNSHIP**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For The Year Ended March 31, 2008**

	<u>Budget Original</u>	<u>Budget Final</u>	<u>Actual</u>	<u>Actual Over (Under) Final Budget</u>
<b>Community &amp; Economic Development:</b>				
Zoning/Planning, etc.	<u>12,251</u>	<u>12,251</u>	<u>12,547</u>	<u>(296)</u>
<b>Total Community &amp; Economic Development</b>	<u>12,251</u>	<u>12,251</u>	<u>12,547</u>	<u>(296)</u>
<b>Capital Outlay</b>	<u>4,130</u>	<u>4,130</u>	<u>4,130</u>	<u>---</u>
<b>Other Functions</b>	<u>12,200</u>	<u>12,200</u>	<u>10,313</u>	<u>1,887</u>
<b>Total Changes to Appropriations</b>	<u>270,790</u>	<u>270,790</u>	<u>223,971</u>	<u>46,819</u>
<b>End of The Year Fund Balance</b>	<u>\$320,043</u>	<u>\$320,043</u>	<u>\$389,085</u>	<u>\$69,042</u>

# PHILIP R. RUBLEY

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PHILIP R. RUBLEY, C.P.A.

MEMBERS OF  
AMERICAN INSTITUTE OF C.P.A.'S  
& THE MICHIGAN ASSOCIATION OF C.P.A.'S

**September 25, 2008**

**Township Board  
Rome Township  
Lenawee County, Michigan**

We have examined the financial statements of the Rome Township, Lenawee County, Michigan as of and for the year ended March 31, 2008, and have issued our report thereon dated September 25, 2008. As a part of our examination, we made a study and evaluation of the Township's system of internal accounting control to the extent we considered necessary to evaluate the system as required by auditing standards generally accepted in the United States of America. Under these standards, the purposes of such an evaluation are to establish a basis for reliance on the system of internal accounting control in determining the nature, timing and extent of other auditing procedures that are necessary for expressing an opinion on the financial statement and to assist the auditor in planning and performing his examination of the financial statements.

The objective of internal accounting control is to provide reasonable, but not absolute, assurance as to the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a system of internal accounting control should not exceed the benefits derived and also recognizes that the evaluation of these factors necessarily requires estimates and judgments by management.

There are inherent limitations that should be recognized in considering the potential effectiveness of any system of internal accounting control. In the performance of most control procedures, errors can result from misunderstanding of instructions, mistakes of judgment, carelessness, or other personal factors. Control procedures whose effectiveness depends upon segregation of duties can be circumvented by collusion. Similarly, control procedures can be circumvented intentionally by management either with respect to the execution and recording of transactions or with respect to the estimates and judgments required in the preparation of financial statements. Further, projection of any evaluation of internal accounting control to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions and that the degree of compliance with the procedures may deteriorate.

Our examination of the financial statements made in accordance with auditing standards generally accepted in the United States of America, including the study and evaluation of the Township's system of internal accounting control for the year ended March 31, 2008, that was made for the purpose set forth in the first paragraph of this report, would not necessarily disclose all weaknesses in the system because it was based on selective tests of accounting records and related data.

SAS 112 requires that any significant deficiencies be reported separate to management. None of these deficiencies had a material effect on the financial statements.

1. **MAINTENANCE OF FIXED ASSETS**

The Township needs to maintain records of additions and disposals of fixed assets each year, and keep data supporting assets to be depreciated over the \$1,000 threshold approved.

2. **GENERAL LEDGER**

It is imperative that the general ledger reflect the correct posting of the activity for the fiscal year.

3. **SEGREGATION OF DUTIES**

Because of the size and number of personal segregation of duties is a significant deficiency. These means at the basic level, no single individual should have control over two or more phases of a transaction or operation in the accounting function.

We feel however that because of managements oversight, that this is not a material weakness in the control system.

4. **FINANCIAL STATEMENTS**

Presently the Township is not able to prepare financial statements in compliance with general accepted principles.

**OTHER ITEMS FOR CONSIDERATION**

1. **EXPENDITURES**

Invoices should be stamped with initials of approval and data paid.

2. **SOFTWARE**

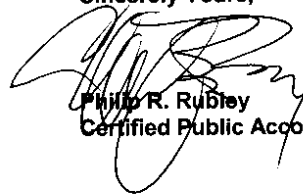
Consider going to a municipal software system.

**Rome Township**  
**September 25, 2008**  
**Page 3**

The above mentioned conditions were considered in determining the nature, timing, and extent of audit tests to be applied to our examination of the financial statements, and this report does not modify our report dated September 25, 2008, on such financial statements.

If we can be of any further assistance, please do not hesitate in contacting us.

**Sincerely Yours,**



**Philip R. Rubley**  
**Certified Public Accountant**

PRR/cab